

**House File 2020 - Introduced**

HOUSE FILE 2020

BY SWAIM

**A BILL FOR**

1 An Act providing specified individuals an exception from  
2 alcoholic beverage control business interest limitations.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 123.45, Code 2011, is amended to read as  
2 follows:

3 **123.45 Limitations on business interests.**

4 1. Except as provided in section 123.6, a commission  
5 member or division employee shall not, directly or indirectly,  
6 individually, or as a member of a partnership or shareholder  
7 in a corporation, have any interest in dealing in or in the  
8 manufacture of alcoholic liquor, wine, or beer, and shall  
9 not receive any kind of profit nor have any interest in the  
10 purchase or sale of alcoholic liquor, wine, or beer by persons  
11 so authorized under this chapter. However, this provision does  
12 not prohibit any member or employee from lawfully purchasing  
13 and keeping alcoholic liquor, wine, or beer in the member's or  
14 employee's possession for personal use.

15 2. A person engaged in the business of manufacturing,  
16 bottling, or wholesaling alcoholic beverages, wine, or beer, or  
17 any jobber, representative, broker, employee, or agent of such  
18 a person, shall not directly or indirectly supply, furnish,  
19 give, or pay for any furnishings, fixtures, or equipment used  
20 in the storage, handling, serving, or dispensing of alcoholic  
21 beverages, wine, beer, or food within the place of business of  
22 a licensee or permittee authorized under this chapter to sell  
23 at retail; nor shall the person directly or indirectly extend  
24 any credit for alcoholic beverages or beer or pay for any such  
25 license or permit~~;~~ nor directly or indirectly be interested in  
26 the ownership, conduct, or operation of the business of another  
27 licensee or permittee authorized under this chapter to sell at  
28 retail~~;~~ nor hold a retail liquor control license or retail  
29 wine or beer permit. ~~However, a~~

30 3. The limitations contained in subsection 2 shall be  
31 subject to the following exceptions:

32 a. A person engaged in the wholesaling of beer or wine  
33 may sell only disposable glassware, which is constructed of  
34 paper, paper laminated, or plastic materials and designed  
35 primarily for personal consumption on a one-time usage

1 basis, to retailers for use within the premises of licensed  
2 establishments, for an amount which is greater than or equal  
3 to an amount which represents the greater of either the amount  
4 paid for the disposable glassware by the supplier or the amount  
5 paid for the disposable glassware by the wholesaler. ~~Also, a~~  
6 b. A person engaged in the business of manufacturing beer  
7 may sell beer at retail for consumption on or off the premises  
8 of the manufacturing facility and, notwithstanding any other  
9 provision of this chapter or the fact that a person is the  
10 holder of a class "A" beer permit, may be granted not more than  
11 one class "B" beer permit as defined in section 123.124 for  
12 that purpose.

13 4. An employee of a person engaged in the business of  
14 manufacturing, bottling, or wholesaling alcoholic beverages,  
15 wine, or beer may also be employed by another licensee or  
16 permittee authorized under this chapter to sell alcoholic  
17 beverages at retail provided that the employee does not  
18 directly or indirectly possess an ownership interest in either  
19 business or engage in exclusionary practices as defined by  
20 rule.

21 5. A licensee or permittee who permits or assents to or is a  
22 party in any way to a violation or infringement of this section  
23 is guilty of a violation of this section.

24 EXPLANATION

25 This bill relates to provisions which restrict or limit  
26 potentially conflicting business interests among alcoholic  
27 beverage, wine, or beer licensees under Code chapter 123.

28 Among other restrictions, Code section 123.45 provides that  
29 a person engaged in the business of manufacturing, bottling,  
30 or wholesaling alcoholic beverages, wine, or beer, or any  
31 jobber, representative, broker, employee, or agent of such a  
32 person, shall not directly or indirectly be interested in the  
33 ownership, conduct, or operation of the business of another  
34 licensee or permittee authorized under Code chapter 123 to sell  
35 at retail. The bill creates an exception allowing an employee

1 of a person engaged in the business of manufacturing, bottling,  
2 or wholesaling alcoholic beverages, wine, or beer to also be  
3 employed by another licensee or permittee authorized under the  
4 Code chapter to sell alcoholic beverages at retail, provided  
5 that the employee does not directly or indirectly possess an  
6 ownership interest in either business or engage in exclusionary  
7 practices as defined by rule.